



House of Representatives
Study Committee on Innovative Financial Options for
Senior Living

Final Report

Chairman John LaHood
Representative, 175th District

The Honorable Tom Kirby
Representative, 114th District

The Honorable Jesse Petrea
Representative, 166th District

The Honorable Kim Schofield
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The Honorable Darlene Taylor
Representative, 173rd District

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Introduction

The House Study Committee on Innovative Financial Options for Senior Living was created by House Resolution 533 of the 2019 Legislative Session. The resolution acknowledged that Georgia's 65 and older population is projected to increase from 1.3 million to 2.9 million individuals between 2016 and 2040, with the greatest rate of growth among those 85 and older. It also recognized that as of 2016, a significant proportion of this population lives below the federal poverty level. A large increase in the number of seniors with Alzheimer's and related dementia is anticipated. A growing number of "Senior Orphans" will be created due to declining birth rates and a trend towards people delaying the start of their families until well into their 30s, which makes it more difficult for adult children to take on the caregiver role for their aging parents while simultaneously raising children and pursuing careers. This growing group of older adults is facing challenges in securing both affordable housing and supportive services that will enable them to age with dignity and to access the essential support necessary to safely carry out their activities of daily living. This highlights the need for Georgia to create and streamline the most cost-effective ways for these seniors to receive appropriate housing and care. The study committee, led by Chairman John LaHood, explored what Georgia is currently doing; listened to testimony from industry experts and Georgia agency staff; reviewed what a number of other states have done regarding Medicaid waivers; and considered the impact of enacting policies targeted at addressing these obstacles. The study committee consisted of Chairman John LaHood, Representative Tom Kirby, Representative Jesse Petrea, Representative Kim Schofield, and Representative Darlene Taylor.

Meetings

September 17, 2019 – 403 State Capitol Building, Atlanta

The committee's first meeting included testimony by representatives of the Georgia Department of Human Services (DHS), LeadingAge Georgia, the Georgia Department of Community Health (DCH), and the Georgia Department of Community Affairs (DCA).

Abby Cox, director of DHS's Division on Aging Services, elaborated on the agency's role in serving the state's aging population. The division is charged with developing the State Plan on Aging, a requirement of the 'Older Americans Act of 1965.' This plan is created every four years and its most recent iteration provides the state's goals in serving its aging population from the years 2020 to 2023. These goals include ensuring older Georgians and their caregivers receive the support and resources necessary to continue to engage in their communities as well as preventing abuse of those individuals or their rights. To achieve these goals, the division allocates state and federal funds to 12 planning and service areas according to an eight-factor funding formula.

According to Director Cox, census projections show that Georgia has the 11th fastest growing population at or over the age of 60 and the 10th fastest growing population at or over the age of

85. The division led meetings throughout the state and provided an online survey to help determine the most significant needs of those growing populations. According to both the in-person and online input, transportation, healthcare, and the ability to age in one's own home and community are the most significant issue areas. Responding to these and other issues is complicated by the demographic trends being demonstrated by this population. The state currently has a high proportion of older adults in rural areas, but the number in urban centers such as Atlanta, Macon, and Savannah is growing as this population moves closer to family members and resources, such as health care centers.

Director Cox highlighted that Georgia's service areas are encouraged to innovate in the ways that they deliver care. For example, technology such as telemedicine can be provided to individuals to extend the amount of time they are able to live at home independently.

Following DHS, Brandy Sylvan, Director of Government Relations at DCH, introduced Catherine Ivy, Executive Deputy Director of the agency's Division of Medicaid, and John Upchurch, Director of Reimbursement. DCH oversees the state's Medicaid program, which includes institutional services paid directly by the program and community-based programs that fall under Medicaid waivers. Director Ivy began by describing how institutional services and community-based waiver programs compare.

Institutional services include skilled nursing facilities, which provide many of the same services as personal care homes and assisted living communities; however, licensed nurses are available 24/7, and the cost is typically much more expensive than residential private pay providers and other community-based waiver programs. A large percentage of skilled nursing facility residents are enrolled in the taxpayer-funded Medicaid program, which paid an average per diem rate of \$191.26 per resident in Fiscal Year 2019, according to data provided by DCH. These institutional programs have no cap on available enrollment. The community-based waiver programs are capped based on the average cost of care. Three of the state's waiver programs that affect residential services are the Elderly and Disabled Waiver Program, including the Community Care Services Program (CCSP) and the Service Options Using Resources in a Community Environment (SOURCE); Independent Care Waiver Program (ICWP); and Comprehensive Supports Waiver Program (COMP). While the first program covers those populations specified in its title, ICWP covers individuals who are ages 21 to 64 with functional impairments. COMP covers those who require intellectual and developmental support and also partners with the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD).

The community-based waiver programs have a capped number of residents. Director Ivy elaborated that because the care provided under these waivers is supposed to mimic a home-like setting, the cap seeks to prevent the care from becoming like the institutional model. Chairman LaHood inquired whether all available slots are filled among those programs, and the director stated that SOURCE and ICWP has no waitlist, CCSP has a waitlist based on the time it takes to

admit individuals to it, and COMP has a waitlist of about 6,000 individuals. DBHDD combines the COMP waitlist with other services where COMP is the higher level of care, so those who are on it are typically receiving other services and are then able to transition to COMP when required. Representative Petrea asked how the resident maximums were determined for each waiver program. Director Ivy explained the maximums were a best-practice included in the waivers when they were created, but they are not mandated by federal regulations.

Waiver	Service Name	License Requirement	Maximum Residents Served
CCSP & SOURCE	Alternative Living Service - Group	Personal Care Home	24
	Alternative Living Service – Family Model	Personal Care Home	6
ICWP	Alternative Living Service – Family Model only	Personal Care Home	7
COMP	Community Residential Support	Community Living Arrangement	4
	Community Residential Support – Host Home	N/A	2

In 2014, the federal government released the Home and Community Based Services Settings Rule, which sets additional guidelines for certain establishments. Specifically, a community-based setting cannot be a skilled nursing facility, hospital, or some other institution. DCH must determine, elaborate, and defend the approved qualities or exclusions when writing the waivers for providers of these services.

John Upchurch then delivered testimony on how determinations are made for nursing facilities, also known as qualified skilled nursing programs. Georgia has 353 nursing facilities under its Medicaid program, and they received an average per diem rate of \$191.26 per resident in Fiscal Year 2019. That average is achieved by adding an incentive rate to the base per diem rate provided by the program. The base rate is adjusted quarterly based on the needs of the population enrolled in the program. Facilities can receive varying incentive rates based on their residents' specific needs, and those include qualities such as the cognitive abilities of residents, clinical and non-clinical care improvements measured by DCH, and other facility improvements and renovations that benefit residents. These rate adjustments are used because of the varying demands being made of nursing facilities.

Tony Marshall, president and CEO of the Georgia Healthcare Association, testified regarding how skilled nursing facilities rates have changed over the last five years. The previous average per diem rate for those facilities was \$160 per resident, so currently it has increased by about 20 percent. Georgia benefits from a lower overall cost of care, but according to Mr. Marshall, the state has the second lowest rate in the southeastern region, and that presents some challenges for providing the workforce necessary in this sector.

Dave Whisnant, Jill Cromartie, and Ryan Fleming with DCA then testified on how the agency provides housing services for the state and its aging population. In general, the agency provides housing tax credits that are exchanged between developers and investors to create affordable housing. DCA can designate properties as Housing for Older Persons (55+) or Elderly (62+) if they provide homes to a certain proportion of residents who meet the minimum age requirement. This designation allows those properties to qualify for a corresponding tax credit. All DCA-compliant properties are required to be independent-living facilities and provide no support for care or activities of daily living. These facilities also have requirements such as accessible elevators and the provision of social, recreational, and other services. The Internal Revenue Service publishes the number of available tax credits annually, and the demand from industry for them is high enough that DCA regularly receives almost three times as many applications compared to the number of available credits.

In addition to those larger residential properties, DCA hosts the Community HOME Investment Program (CHIP), funded by the Department of Housing and Urban Development (HUD). CHIP grants are applied for by local governments and then provided for the renovation of owner-occupied homes so that individuals whose income is lower than 80 percent of the average median area can continue to live in their homes. Some grants through the program can also be used for new construction on vacant lots. Each year, about \$6 million in grants are granted to local governments, with each one averaging \$50,000. CHIP seeks to allow owner-occupants to receive larger home renovations, such as replacing roofs, heating and air conditioning systems, and overall accessibility of a home. Beneficiaries of this program are chiefly in rural areas where the cost of locating materials and skilled labor can be higher.

When asked how the agency responds to the total needs of the homeless, Mr. Whisnant explained DCA is able to provide housing and beds through HUD programs, but they are limited in their ability to provide services such as healthcare and nutrition due to federal regulations. About eight percent, or 10,000 individuals, of the state's homeless population is age 60 or older. HUD funds target either the general homeless population or a few select groups such as youth and veterans. The federal government does not target the older homeless population, though Mr. Whisnant stated that some projections show the elder homeless population doubling or tripling within a few years.

Following DCA, Ginny Helms with LeadingAge detailed its ability to serve older adults, many of whom take advantage of government-provided services. A large portion of their efforts go

towards HUD communities where the need for additional support is high. Ms. Helms explained that there is a growing need for mental and behavioral health services in order to delay the necessity for older adults to transition to costly institutional settings. LeadingAge collected the rates that states pay for Medicaid assisted living services; while Georgia reimburses at a rate of \$50 per day, other states average about \$70 per day and may increase for those who have dementia or other needs. LeadingAge asked that policies be pursued that allow individuals to age-in-place for longer periods of time, provide behavioral health services, and increase the number of available beds in assisted living communities. LeadingAge advocated that resources not be deducted from current Medicaid funding for skilled nursing facilities to achieve those goals.

Ms. Helms introduced Terry Barcroft of Wesley-Woods Senior Living, a nonprofit housing program, and Darryl Jones of Integral Development, a for-profit housing program. Ms. Barcroft advocated for blended community models, which provide a mix of market-rate and subsidized housing for older adults. By including individuals who have a variety of income, services are being provided to a wider number of individuals by spreading the expenses over public and private funding sources. Their communities are able to provide adequate housing and services; however, they largely cannot participate in the CCSP Medicaid waiver program because they have more than 24 residents, which is the maximum as determined by DCH.

Mr. Jones's communities sought to provide additional assisted living options that delay the need for individuals to move to skilled nursing institutions. His program studied how to make Medicaid waiver programs more efficient and found that their communities are capable of hosting about 115 to 125 residents. This allowed them to provide the needed services to a larger population by tapping into economies of scale without sacrificing the quality of those services.

Lastly, Shane Wellman with Altrus, a residential services provider, explained how his provider participates in most Medicaid waiver programs. They have benefitted and seen the industry grow since the reimbursement rates have increased. He cautioned that he observed growth in the population that requires memory-care services, such as those with Alzheimer's and dementia. This population could be serviced in community-based settings like his, but it is difficult to do so at the current rate of \$50 per day.

November 19, 2019 – 506 Coverdell Legislative Office Building, Atlanta

The committee's second meeting included a presentation by MaryLea Boatwright Quinn, the Director of Government Affairs for the Georgia chapter of the Alzheimer's Association. As a part of the association's mission, it works with state governments to implement state Alzheimer's plans "...to reduce the long-term impact of the disease on state budgets and improve the lives of individuals living with dementia and their family caregivers."

About 150,000 individuals in Georgia at or over the age of 65 currently live with the disease, and, according to the association, this number is projected to grow to 190,000 by 2025. This does

not include other ailments that affect an individual's memory or cognitive abilities. In part, this population is growing because individuals are able to live longer with the disease when compared to the general population of care-needing older adults. According to the association's figures, about 31 percent of individuals with Alzheimer's who need care require that care for five or more years. Only 23 percent of the general population of care-needing older adults live with those needs for five or more years. These diseases often require escalating levels of care because they reduce the abilities of individuals to care for themselves. In the United States in 2019, the direct cost of Alzheimer's disease care is projected to be about \$290 billion, with \$195 billion of that total being covered by Medicare and Medicaid, and the remainder from out-of-pocket, charitable organizations, or another source. That figure did not include an estimated \$234 billion in unpaid care that is provided by family members and friends of those with the disease. Medicaid spending in Georgia on people with Alzheimer's or another dementia is projected to increase by 40 or more percent between 2018 and 2025.

This population also requires a high proportion of available assistance when compared to general care for the elderly. About 61 percent of nursing home residents have Alzheimer's or other dementias, and about 27 percent of those with the disease who are age 65 and older are dual-eligible for both Medicare and Medicaid. Chairman LaHood wished to emphasize that this population is often unable to receive adequate support from their adult children who become "sandwiched" with the burden of caring for aging parents and young children simultaneously. Also, because of the nature of the disease, it increases the caregiver burden tremendously.

Representative Petrea elaborated on how long-term care insurance policies, which are sometimes used to pay for the available care options, are limited because of the expense of premiums and the high cost of care. This further places the burden to pay for care on taxpayer-funded government programs for seniors who cannot afford to pay their own way. These options continue to be limited, and Ms. Quinn explained that nationally only 14 percent of Medicaid-certified residential care settings offer memory care-specific services. Only 20 percent of equivalent private settings offer that level of care as well. She cautioned that comparing some of these statistics nationally is difficult because assisted living is a licensed setting in Georgia but may not be in other states.

The Alzheimer's Association closed by asking that Medicaid eligible services improve their assessments by providing greater weight to cognitive evaluations. An early sign of cognitive ailments is the need for cueing or prompting to start or complete tasks. New technologies and training that is attentive to these needs can prolong the abilities of individuals to live in their own homes rather than seeking more advanced forms of care.

Following the Alzheimer's Association, Ruthie Brew with Forsyth County Senior Services shared examples of local efforts to assist older adults. She oversees three older adult centers that provide meals, transportation, and recreational activities. The county's services are meant to compliment both private and public service and housing options, but they often have to make up

for individuals who are on waitlists for Medicaid and Medicare services. Although many private assisted living communities are being built in the county, they do not pursue Medicaid funding due to the lower reimbursement rates and the exclusion of licensed communities with greater than 24 beds. Representative Petrea reiterated that waitlists for these services are concerning, but they have improved when compared to the past due to improvements in the state's ability to process and evaluate the level of care that individuals need.

The Georgia Council on Aging (GCOA), represented by Vicki Johnson, then spoke about transportation options being offered to older adults. The presentation was previously provided to the House Rural Development Council by both GCOA and the Coalition of Advocates for Georgia's Elderly (CO-AGE). The coalition identified older adult transportation as their priority issue for the 2020 Session, a decision that was partly due to older adults outliving their ability to drive by 11 years on average for women and seven years for men. A Georgia Health Policy Center study identified almost 200,000 adults aged 70 or over that have unmet transportation needs. That included 35 counties with no public transportation options. The council supported and continues to support HB 511 (2019 Session) by Representative Kevin Tanner, which would create additional options for transportation in rural areas. The council also recommended that state agencies and different regions make the effort to consolidate services in order to efficiently reach all areas of the state.

Representative Petrea then presented his proposal to address the Alzheimer's care gap by creating a new Alternative Living Services (ALS) tier that covers memory-care services. He proposed setting it at \$100 per day, which would be double the rate for other ALS programs in response to the higher care needs of the population. However, it would be less than the \$191.26 per day average Medicaid cost that is paid for skilled-nursing institutions. This would create a needed middle ground that provides services to those with Alzheimer's and other dementias, but would delay and potentially prevent them from needing more costly institutional care.

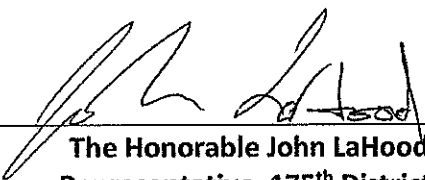
Recommendations

- Recommend that DCH review the resident caps for Medicaid community-based waivers to allow a greater number of individuals to receive the appropriate level of care prior to being placed in more costly institutional care.
- Recommend that DCH review the 24-resident bed cap and allow licensed care providers to utilize economies of scale to deliver efficient, non-institutional high quality care.
- Encourage the creation of a memory care-focused waiver program with an appropriate reimbursement formula to meet the growing need for those services in a cost-effective manner.
- Caution the General Assembly and regulators from implementing over-burdensome legislation and regulation on the private pay senior care industry, which would increase operational costs and create more affordability challenges to seniors, consequently funneling more Georgians to taxpayer-funded models of care.

- Encourage the federal government to increase the amount of available housing tax credits for older adult housing in response to consistently high demand.
- Encourage the federal government to target the homeless crisis for older adults before it escalates.

Mr. Speaker, these are the findings and recommendations of your Study Committee on Innovative Financial Options for Senior Living.

Respectfully Submitted,



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Chairman**

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